

Message Text

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ACTION EB-07

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TAGS: ETRD, UK

SUBJECT: US GENERALIZED SYSTEM OF PREFERENCES (GSP)
AND COMMONWEALTH PREFERENCE ISSUE

RE/: (A) STATE 111968, (B) LONDON 9651

1. WITH AOLOGIES FOR THE LONG DELAY, THE DEPARTMENT OF TRADE HAS NOW REPLIED TO OUR REQUEST FOR INFORMATION ON COMMONWEALTH PREFERENCES. THE REPLY IS NOT VERY FORTHCOMING. THE STATED REASON FOR THIS IS THE COMPLEXITY OF THE TARIFF RELATIONSHIPS INVOLVED. NO DOUBT THE UK IS ALSO RELUCTANT TO ASSIST THE US IN AN EFFORT TO HAVE THE PREFERENCES WHICH THE UK RECEIVES FROM DEVELOPING COMMONWEALTH COUNTRIES REMOVED.

2. THE FOLLOWING ARE THE PERTINENT PARAGRAPHS OF THE DEPARTMENT OF TRADE'S REPLY:

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"I AM AFRAID THE POSITION IS VERY COMPLEX. OUR

TARIFF RELATIONSHIOS WITH THESE COUNTRIES ARE, IN MANY CASES IN TRANSITION, CONSEQUENT UPON OUR MEMBERSHIP OF THE EUROPEAN ECONOMIC COMMUNITY. A NUMBER OF THEM HAVE ACCEDED TO THE LOME AGREEMENT WITH THE ENLARGED EEC AND THIS TOO HAS AN AFFECT ON THEIR PREFERENTIAL TARIFFS. AND, OF COURSE, MANY OF THEM WILL BE CONSIDERING THEIR TARIFFS ON A WIDE RANQE OF ITEMS IN THE MTNS. FOR THOSE REASONS, IT IS PRETTY DIFFICULT TO ARRIVE AT ANY STATEMENT OF A GENERAL KIND GOVERNING THE PREFERENCE-GIVING INTENTIONS OF THE INDIVIDUAL DONOR COUNTRIES.

"WHEN ONE TRIES TO ASSESS THE TRADE EFFECTS OF THESE OREFERENCES, ONE ALSO COMES UO AGAINST THE PROBLEM THAT WE HAVE NO RECORD OF WHAT PARTICULAR TRADE IN ANY ONE ITEM ATTRACTED PREFERENTIAL RATES OF DUTY. I THINK YOU WILL FIND THAT THE ONLY PEOPLE TO KEEO INFOR- MATION OF THIS SORT ARE THE PREFERENCE GIVING TERRI- TORIES.

"WHEN ONE COMES TO LOOK AT THE ACTUAL PREFERENCES, ONE HAS TO BEAR IN MIND THAT SOME OF THEM - PARTICULARLY FROM THE REMOTER OF THE FORMER DEPENDENCIES - ARE OF PRIMARY HYPOTHETICAL INTEREST. IN OTHER CASES WHERE THE PREFERENCES RELATE TO A REAL TRADE PATTERN, YOU FREQUENTLY FIND THAT THE MAIN CONSTRAINT ON TRADING IS THE IMPORT LICENSING SYSTEM OPERATED BY THE DONOR COUNTRY; AND, OF COURSE, IT IS FREQUENTLY THE CASE THAT THE STANDARD RATES OF DUTY ON TARIFF ITEMS ON WHICH PREFERENCES ARE ACCORDED, ARE NOW VERY MUCH HIGHER THAN THEY WERE WHEN THE PREFERENCES WERE ESTABLISHED.

"FOR THESE REASONS, IT DOES SEEM TO ME AS IF THE ONLY SURE WAY OF GETTING AN ACCURATE STATEMENT IN RESPECT OF EACH DONOR WOULD BE TO AOPROACH THEM DIRECTLY AND I ASSUME THAT YOUR COLLEAQUES IN COMMONWEALTH COUNTRIES ARE DOINQ THIS."

RICHARDSON

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